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1 July 1963

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CENTRAL INTELLIGENCE BULLETIN



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1 July 1963

CENTRAL INTELLIGENCE BULLETIN

CONTENTS

25X1

[Redacted]

2. Communist China - USSR: Soviet demand adds new dimension to Sino-Soviet dispute. (Page 2)

25X1

[Redacted]

6. Syria: Baathists and Army Chief Hariri reached uneasy compromise. (Page 6)
7. USSR: Khrushchev again reorganizing regime's economic bureaucracy. (Page 7)
8. India - Communist China: Increased Indian border patrolling authorized. (Page 8)
9. South Vietnam: Dissension growing within the government. (Page 9)
10. Notes: USSR; Rumania-USSR; Kuwait-USSR; East Africa; [Redacted]

25X1

25X1

Approved For Release 2003/01/29 : CIA-RDP79T00975A007100150001-6

Next 1 Page(s) In Document Exempt

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Communist China - USSR: The Soviet demand for recall of three Chinese diplomats and two students from Moscow adds a new problem in state relations to the Sino-Soviet struggle, which has been confined almost entirely to party matters for the past year.

The Chinese were declared persona non grata for distributing copies of the central committee letter of 14 June attacking the Soviet Union. Similar activity by the Chinese in East Germany drew a sharp protest from the East German Foreign Ministry on 21 June. Other East European satellites may now follow the Russian lead.

Peiping on 29 June publicized Moscow's action in a bid for support within the world Communist movement. The Chinese statement calls the Russian move unjustifiable and unfriendly, pointing out that Soviet diplomats can and do distribute Russian documents in China. Peiping implies further that Moscow's action is a deliberate attempt to sabotage the Sino-Soviet talks.

Although Moscow's action has added fuel to Chinese anger, it will not lead to cancellation of the talks, which are still scheduled for 5 July. On 1 July, Peiping published the full list of Chinese delegates to the Moscow meeting and affirmed its intention to proceed.

25X1

1 July 63

DAILY BRIEF

2

25X1

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Syria: (A temporary compromise apparently has been reached between the Baathists and Army Chief of Staff Hariri, but Hariri may only be biding his time before attempting a new coup.)

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[redacted] the National Revolutionary Command Council has agreed to reinstate the officers loyal to Hariri who were dismissed or transferred between 21 and 24 June, during Hariri's absence on a trip to Algeria. Hariri, who seems to have substantial army support, is said to have agreed to have these officers return to their former posts gradually and without fanfare so that General Atasi, the army commander in chief and president of the Syrian revolutionary council, may save face.)

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[redacted] (At the same time, Hariri reportedly is trying to persuade elements in the business community to support a new government, which would be neither Baathist nor Nasirist.)

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USSR: Khrushchev is apparently again trying to get at the problems of the Soviet economy by reorganizing the bureaucracy, despite his lack of success with this approach in the past.

In his plenum speech released on 28 June, Khrushchev criticized economic planners as too conservative, and proposed that the party "take planning into its own hands," adding that the State Planning Commission "cannot cope with this work on its own." Among the economic organizational changes he may contemplate is the creation of a party advisory body attached to the recently created Supreme Economic Council.

The general tone of Khrushchev's remarks on the economy was one of discouragement, and he offered no new solutions to old problems.

For example, he again proposed a moratorium on new construction starts, even though this method of cutting back new construction appears to have been generally unsuccessful during the past two years. Again, Khrushchev urged priority for the chemical industry because of its relationship to consumer goods production, but disclosed that the effort to develop the industry by using funds derived from plan over-fulfillment by other industries has failed miserably.

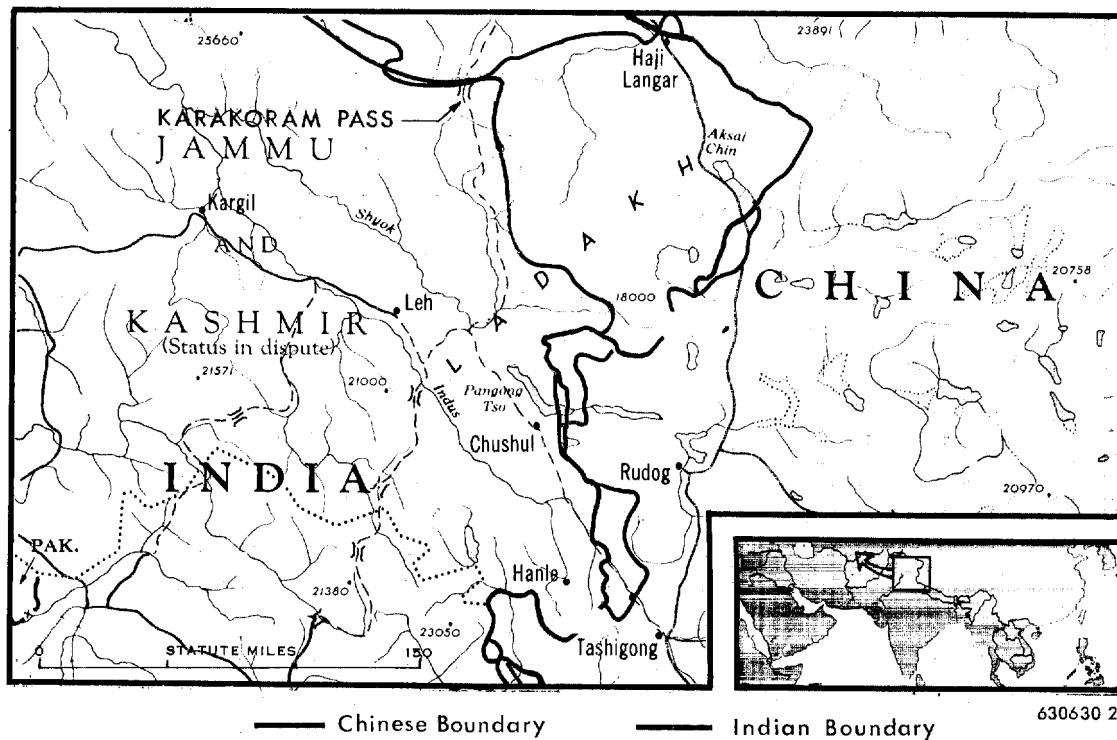
25X1

1 July 63

DAILY BRIEF

7

COMMUNIST CHINA / INDIA BORDER AREAS



25X1

India - Communist China: Indian Army forces in the Ladakh area of Kashmir have been authorized to step up their patrolling in order to check on reports of increased Chinese activity along the border.

New Delhi and Peiping recently have exchanged protests over small-scale intrusions in several sectors of Ladakh. Indian authorities have been especially concerned over the reported establishment south of the Karakoram Pass of a new advanced Chinese post, which New Delhi says is well beyond the line of Chinese claims in this area.

While both sides have been careful not to upset the de facto cease-fire, and the increased Indian patrolling is to be carried out cautiously, such probing in the improved summer weather conditions in Ladakh will increase the chances of shooting incidents.

25X1

1 July 63

DAILY BRIEF

8

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Approved For Release 2003/01/29 : CIA-RDP79T00975A007100150001-6

*South Vietnam: (Dissension appears to be spreading within the South Vietnamese Government.)

(Diem's brother and political counsellor, Ngo Dinh Nhu, has been especially bitter over Diem's concessions to the Buddhists. [REDACTED])

25X1

25X1

Nhu's support among

the military is negligible and any action he might take would probably be limited to the political field.)

25X1

1 July 63

DAILY BRIEF

9

Approved For Release 2003/01/29 : CIA-RDP79T00975A007100150001-6

25X1

NOTES

USSR: Vladimir Shcherbitsky, a candidate member of the Soviet party presidium, may have been designated by Khrushchev as party boss in the Ukraine. TASS announced on 29 June that he had been released as Ukrainian premier and "transferred to other work." Presumably Shcherbitsky will take over direction of the Ukrainian party from Nikolai Podgorny, a long-time Khrushchev supporter who was named to the central party secretariat at last week's plenum. [REDACTED]

25X1

*Rumania-USSR: Gheorghiu-Dej's absence from the East Berlin conclave of Eastern European party first secretaries appears to be a calculated gesture of displeasure with Moscow. Although the meeting of the Soviet bloc leaders in East Berlin was ostensibly for the purpose of celebrating East German leader Ulbricht's birthday, manifold bloc problems were probably discussed, and the meeting was designed to demonstrate unity on the eve of the Sino-Soviet talks. It thus seems likely that Khrushchev's talks last week with Rumanian leaders in Bucharest produced no significant results, and may have aggravated relations between the two countries. [REDACTED]

25X1

25X1

1 July 63

DAILY BRIEF

10

Kuwait-USSR: A Soviet Embassy, soon to be opened in Kuwait, will be the first Communist bloc mission established on the Persian Gulf. Kuwait has also agreed to exchange diplomatic representatives with Poland, Czechoslovakia, and Rumania. The Kuwaitis, who apparently feel they are hereby making a minimum payment to the bloc for its support of Kuwait's admission to the UN last year, expect to send an ambassador only to Moscow.

25X1

East Africa: (The governments of Tanganyika, Uganda, and Kenya have agreed to federate next December. Zanzibar will probably also join after it becomes independent next year. Kenyan leader Tom Mboya has been one of the prime movers in these developments, in part because the creation of the federation should alleviate some of Kenya's political problems.

25X1

25X1

25X1

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